

## **INFORMATION BULLETIN #33**

### **INCOME TAX**

**DECEMBER, 2000**

**(Replaces Information Bulletin #33, dated August 1995)**

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**SUBJECT: WITHHOLDING REQUIREMENTS FOR NONRESIDENT EMPLOYEES**

**REFERENCE:** IC 6-3-5-1; 45 IAC 3.1-1-115

### **INTRODUCTION**

The withholding of income taxes is required for all nonresidents employed in Indiana, except for legal residents of states complying with Indiana's reciprocity statute, IC 6-3-5-1.

Indiana has established reciprocity agreements with Kentucky, Michigan, Ohio, Pennsylvania, and Wisconsin concerning the collection of income tax from nonresidents employed in Indiana. These agreements provide that Indiana will not impose adjusted gross income tax on the salaries, wages,

tips and commissions earned by the legal residents of states with reciprocity who work in Indiana.

Indiana residents who work in states with reciprocity will receive identical treatment from those states.

## **I. REQUIREMENTS OF EMPLOYERS**

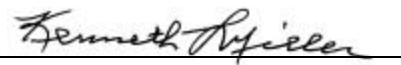
Because of reciprocity agreements, Indiana employers are not required to withhold Indiana adjusted gross income tax from qualified nonresidents. However, employers are encouraged to withhold the appropriate taxes on behalf of the state where the employee resides.

## **II. REQUIREMENTS OF NONRESIDENT EMPLOYEES**

A qualified nonresident employee who works in Indiana is required to submit a properly completed form WH-47 to the employee's employer. This form identifies the employee's state of legal residence.

## **III. TAXES NOT AFFECTED**

Indiana reciprocity agreements do not affect withholding requirements concerning the Indiana County Adjusted Gross Income Tax (CAGIT), County Economic Development Income Tax (CEDIT), or the County Option Income Tax (COIT).



Kenneth L. Miller  
Commissioner